

# Reference Material for Presentation on Operating Performance During the Fiscal Year Ended March 31, 2009

Shin-Nihon Tatemono Co., Ltd. May 26 (Tuesday), 2009



AQUARENA KAWASAKI

変わること、変わらないこと。

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# I. Overview of Consolidated Operating Performance During Fiscal Year Ended March 31, 2009

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## Business environment topic

- The real estate market contracted rapidly and reached a major turning point.

Real estate market => The financing environment for the players changed rapidly and the liquidity of real estate for investment declined significantly.

Housing market => Consumer confidence weakened as the real economy quickly deteriorated.

## Performance topics

- Placed priority on streamlining the balance sheet and improved operating cash flow
- Posted a steep loss, partly attributable to a loss on valuation of inventories of 13,017 million yen (this fiscal year's cumulative total)

## Management topic

- Moved forward with a project to bolster the management base and reestablished a structure adapted to the market environment

# Consolidated Balance Sheet

(Unit: million yen)	Year ended March 31, 2008		Year ended March 31, 2009		
	Actual	% of Total	Actual	% of Total	Change
Cash and deposits	14,677	16.6%	2,618	7.9%	-12,058
Real estate for sale	16,048	18.2%	8,231	24.7%	● -7,816
Real estate for sale in process	47,640	53.9%	16,498	49.5%	● -31,142
Others	6,527	7.4%	3,514	10.6%	-3,013
<b>Total current assets</b>	<b>84,894</b>	<b>96.1%</b>	<b>30,863</b>	<b>92.7%</b>	<b>-54,030</b>
<b>Total noncurrent assets</b>	<b>3,480</b>	<b>3.9%</b>	<b>2,441</b>	<b>7.3%</b>	<b>-1,039</b>
<b>Total assets</b>	<b>88,374</b>	<b>100.0%</b>	<b>33,304</b>	<b>100.0%</b>	<b>-55,069</b>
Notes and account payable-trade	11,959	13.5%	5,971	17.9%	-5,987
Short-term loans payable	26,606	30.1%	17,564	52.8%	● -9,041
Current portion of bonds	150	0.2%	130	0.4%	● -20
Others	7,611	8.6%	1,430	4.3%	-6,181
<b>Total current liabilities</b>	<b>46,327</b>	<b>52.4%</b>	<b>25,096</b>	<b>75.4%</b>	<b>-21,231</b>
Bonds payable	230	0.3%	100	0.3%	● -130
Long-term loans payable	20,509	23.2%	6,328	19.0%	● -14,181
Others	716	0.8%	808	2.4%	91
<b>Total noncurrent liabilities</b>	<b>21,456</b>	<b>24.3%</b>	<b>7,236</b>	<b>21.7%</b>	<b>-14,219</b>
<b>Total liabilities</b>	<b>67,784</b>	<b>76.7%</b>	<b>32,333</b>	<b>97.1%</b>	<b>-35,451</b>
Capital stock	6,414	7.2%	6,414	19.2%	—
Capital surplus	6,328	7.2%	6,328	19.0%	—
Retained earnings	7,843	8.9%	-11,735	-35.2%	-19,578
Others	3	0.0%	-37	-0.1%	-40
<b>Total net assets</b>	<b>20,590</b>	<b>23.3%</b>	<b>971</b>	<b>2.9%</b>	<b>-19,618</b>
<b>Total liabilities and net assets</b>	<b>88,374</b>	<b>100.0%</b>	<b>33,304</b>	<b>100.0%</b>	<b>-55,069</b>

● **Decrease of real estate for sale**

[Breakdown for the year ended March 31, 2009]

Liquidation	: 3.1 billion yen	4 properties
(of which consolidated SPC)	: 2.8 billion yen	3 properties)
Condominium unit sales	: 4.4 billion yen	173 units
Residential housing sales	: 0.5 billion yen	17 houses

● **Decrease of real estate for sale in process**

[Breakdown for the year ended March 31, 2009]

Liquidation	:	9.6 billion yen
(of which consolidated SPC)	:	— yen)
Condominium unit sales	:	5.4 billion yen
Residential housing sales	:	1.3 billion yen

● **Status of interest-bearing liabilities**

Year ended	47.4 billion yen
March 31, 2008	(of which consolidated SPC: 2.9 billion yen)
Year ended	24.1 billion yen
March 31, 2009	(of which consolidated SPC: 2.8 billion yen)
Change	-23.3 billion yen

# Consolidated Profit and Loss Statement

(Unit: million yen)	Year ended March 31, 2008		Year ended March 31, 2009			
	Whole fiscal year		Whole fiscal year		Year-on-year	
	Actual	% of Total	Actual	% of Total	Change	Change (%)
Net sales	82,217	100.0%	● 56,337	100.0%	-25,879	-31.5%
Cost of sales	68,178	82.9%	● 65,337	116.0%	-2,841	-4.2%
<b>Gross profit</b>	<b>14,039</b>	<b>17.1%</b>	<b>-8,999</b>	<b>-16.0%</b>	<b>-23,038</b>	<b>—</b>
Sales administrative expenses	8,929	10.9%	7,421	13.1%	-1,507	-16.9%
<b>Operating income</b>	<b>5,110</b>	<b>6.2%</b>	<b>-16,420</b>	<b>-29.1%</b>	<b>-21,530</b>	<b>—</b>
Non-operating income	795	1.0%	● 1,860	3.3%	1,065	134.0%
Non-operating expenses	1,927	2.4%	1,618	2.9%	-309	-16.0%
<b>Ordinary income</b>	<b>3,977</b>	<b>4.8%</b>	<b>-16,177</b>	<b>-28.7%</b>	<b>-20,155</b>	<b>—</b>
Extraordinary income	52	0.1%	36	0.1%	-15	-29.4%
Extraordinary loss	85	0.1%	● 1,464	2.6%	1,378	—
<b>Income before income taxes</b>	<b>3,944</b>	<b>4.8%</b>	<b>-17,605</b>	<b>-31.2%</b>	<b>-21,549</b>	<b>—</b>
Income taxes	1,927	2.3%	1,304	2.4%	-623	-32.3%
<b>Net income</b>	<b>2,017</b>	<b>2.5%</b>	<b>-18,909</b>	<b>-33.6%</b>	<b>-20,926</b>	<b>—</b>

● **Figures for the year ended March 31, 2009**

Liquidation 18 properties  
 Condominium unit sales 887units  
 Residential housing sales 295 houses

● **Loss on valuation of inventories: 13,017 million yen (this fiscal year's cumulative total)**

● **Penalty for project contract cancellation: 1.26 billion yen**

● **Impairment loss-noncurrent assets: 493 million yen**

● **Loss from project suspension: 789 million yen**

# Net Sales and Operating Income by Segment

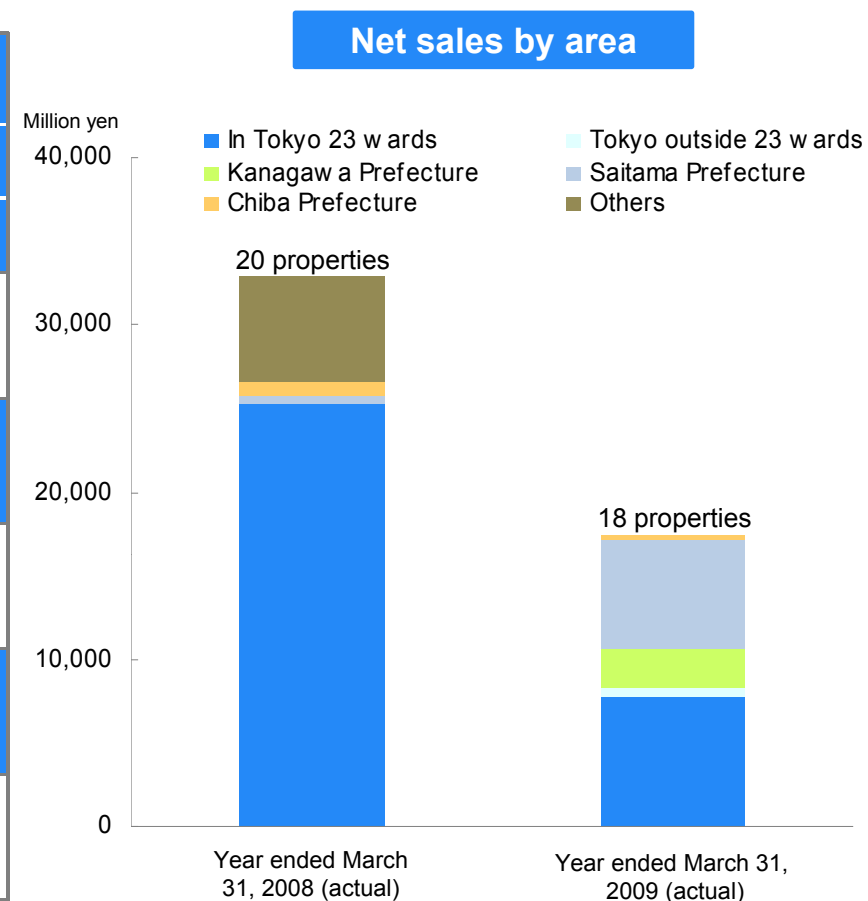
- ✓ Earnings in the liquidation business declined markedly compared to the previous financial year, resulting in operating losses due to the stalling of property sales and a fall in profitability.
- ✓ Sales of condominiums in response to real demand and sales of residential housing rose as a percentage of the business portfolio, from 59.5% to 68.5%, and made a greater contribution to management stability.

(Unit: million yen)		Year ended March 31, 2008		Year ended March 31, 2009			
		Whole fiscal year		Whole fiscal year		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
	Liquidation business	32,879	40.0%	17,491	31.0%	-15,388	-46.8%
	Condominium unit sales business	35,355	43.0%	27,697	49.2%	-7,657	-21.7%
	Residential housing sales business	13,561	16.5%	10,853	19.3%	-2,708	-20.0%
	Other business	421	0.5%	295	0.5%	-125	-29.8%
	Elimination or corporate	—	—	—	—	—	—
	<b>Net sales total</b>	<b>82,217</b>	<b>100.0%</b>	<b>56,337</b>	<b>100.0%</b>	<b>-25,879</b>	<b>-31.5%</b>

(Unit: million yen)		Year ended March 31, 2008		Year ended March 31, 2009			
		Whole fiscal year		Whole fiscal year		Year-on-year	
		Actual	Operating income (%)	Actual	Operating income (%)	Change	Change (%)
	Liquidation business	3,395	10.3%	-14,159	-81.0%	-17,555	—
	Condominium unit sales business	2,675	7.6%	-670	-2.4%	-3,346	—
	Residential housing sales business	453	3.3%	-78	-0.7%	-531	—
	Other business	-28	-6.7%	-338	-114.6%	-310	—
	Elimination or corporate	-1,385	—	-1,173	—	212	—
	<b>Operating income total</b>	<b>5,110</b>	<b>6.2%</b>	<b>-16,420</b>	<b>-29.1%</b>	<b>-21,530</b>	<b>—</b>

# Overview of Liquidation Business

	Year ended March 31, 2008	Year ended March 31, 2009		
	Actual	Actual	Change	Change (%)
Net sales	32,879	17,491	-15,388	-46.8%
Gross profit	4,360	-12,784	-17,145	—
Gross profit (percentage)	13.3%	-73.1%	—	—
Operating income	3,395	-14,159	-17,555	—
Operating income (%)	10.3%	-81.0%	—	—



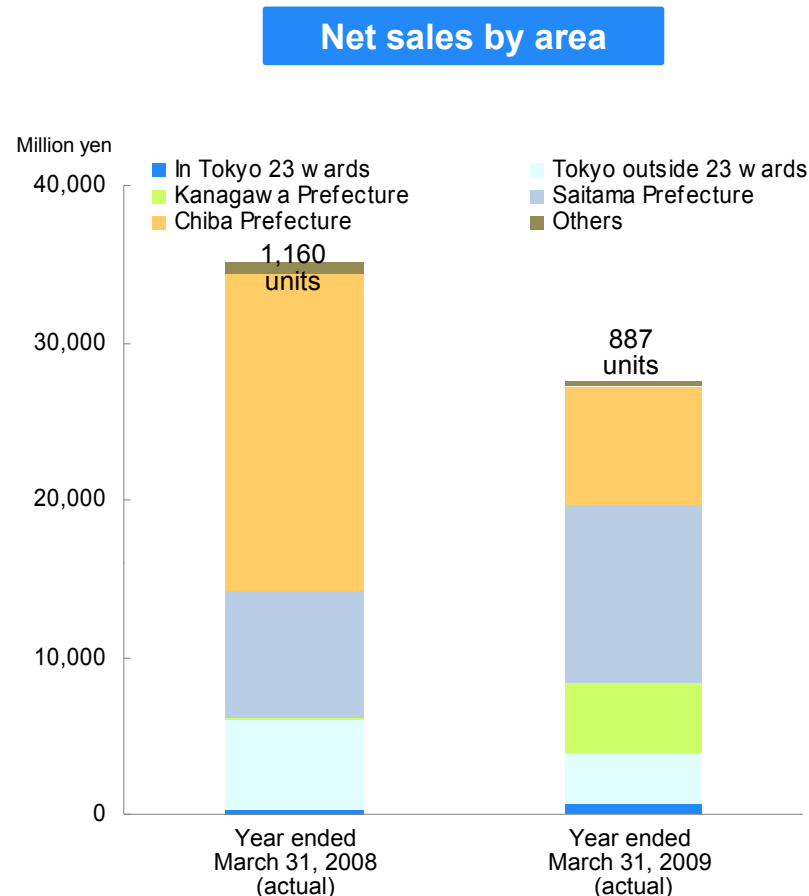
✓ Delivered 18 properties during the fiscal year under review (two properties less than in the previous fiscal year) However, since many of them were small, net sales fell a significant 46.8% from the year-ago result.

✓ Posted a loss on valuation of inventories of 10,663 million yen (cumulative total) for the fiscal year under review



# Overview of Condominium Unit Sales Business

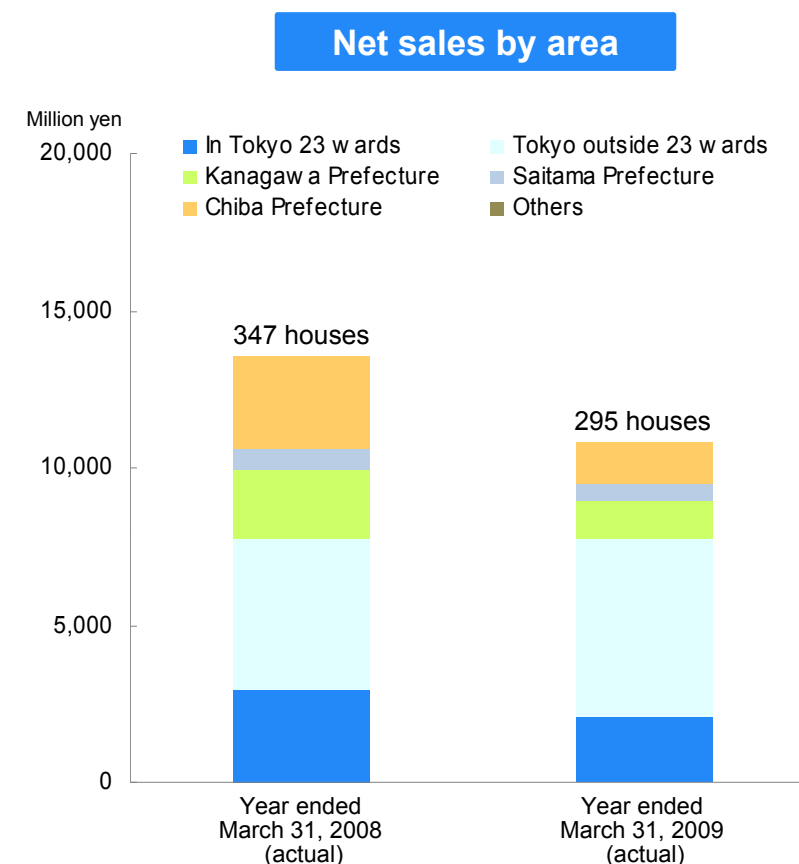
	Year ended March 31, 2008	Year ended March 31, 2009		
	Actual	Actual	Change	Change (%)
Net sales	35,355	27,697	-7,657	-21.7%
Gross profit	7,720	2,999	-4,720	-61.1%
Gross profit (percentage)	21.8%	10.8%	-11.0pt	—
Operating income	2,675	-670	-3,346	—
Operating income (%)	7.6%	-2.4%	—	—



- ✓ Breakdown of net sales decrease => 14 buildings (5 buildings less than in the previous fiscal year), delivery of 887 units (273 units less than in the previous fiscal year)
- ✓ Posted a loss on valuation of inventories of 2,147 million yen (total cumulative) for the fiscal year under review
- ✓ 126 completed, open condominiums as of March 31, 2009, representing a steady decline to a certain level

# Overview of Residential Housing Sales Business

	Year ended March 31, 2008	Year ended March 31, 2009		
	Actual	Actual	Change	Change (%)
Net sales	13,561	10,853	-2,708	-20.0%
Gross profit	1,727	1,039	-688	-39.8%
Gross profit (%)	12.7%	9.6%	-3.1pt	—
Operating income	453	-78	-531	—
Operating income (%)	3.3%	-0.7%	—	—

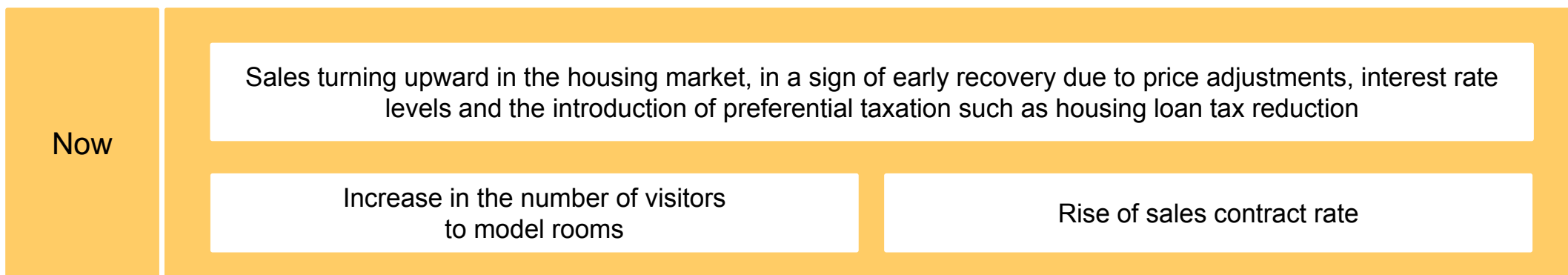
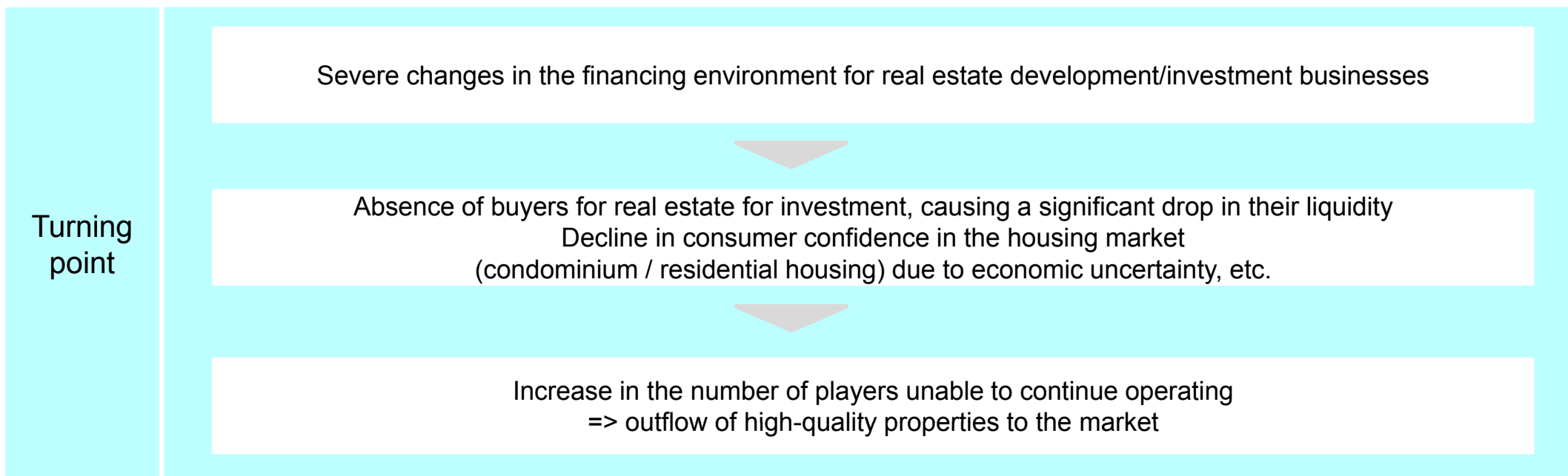


- ✓ Delivered 295 houses (52 houses less compared to the previous fiscal year), many in the Tama area of Tokyo where we have a strong competitive edge
- ✓ Posted a loss on validation of inventory of 205 million yen (cumulative total) for the fiscal year under review
- ✓ Merged/consolidated sales offices (from six sales offices to two) for cost cutting and management efficiency

## II. Future Strategy and Plan for Fiscal Year Ending March 31, 2010

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# Environment Surrounding the Company and the Group



**A greater competitive advantage achieved in the housing market, which has been the greatest strength for the Company and the Group, with fewer players now in an environment that makes an earnings recovery possible.**

# Reestablishing Core Business to Adapt to Environment Changes

## Business strategy for the short and medium terms

Establish a business model that can flexibly respond to changes in the environment

Housing business with stable earnings history

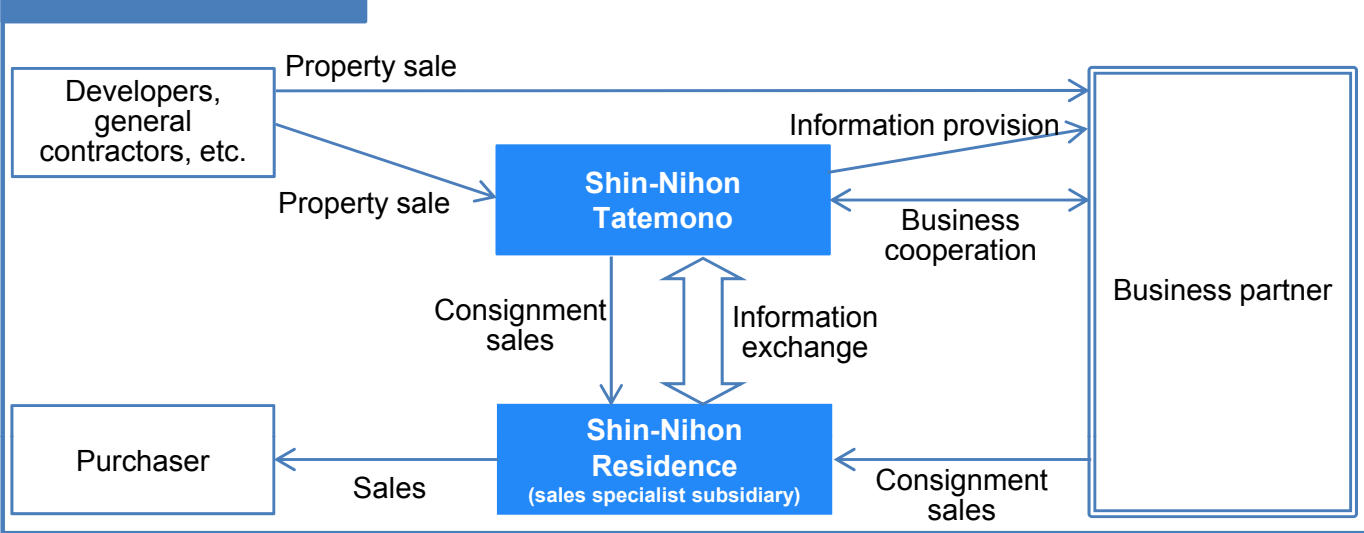
Business that fits the current economic environment

Make the condominium purchase/resale business a key area of stability

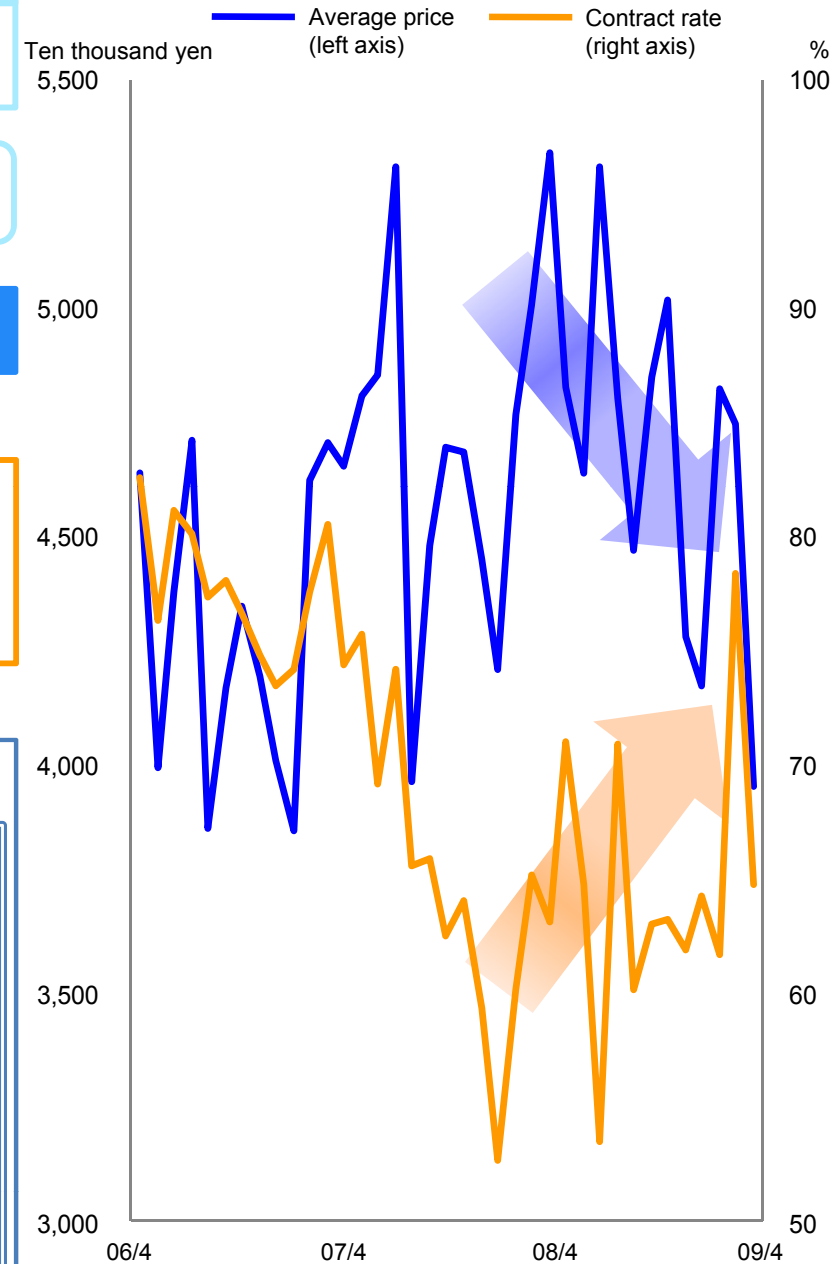
### Current initiatives

- ✓ Expanding the scope of business beyond traditional complete properties by including incomplete properties that require development capabilities
- ✓ Creating alliances with multiple business partners to secure superior business opportunities

### Business scheme



Shifts in prices and contract rates of new condominiums in the Tokyo metropolitan area



Source: Real Estate Economic Institute

# Project to Reinforce the Management Base

## Measure (1): Review the business portfolio

- Review the business portfolio by considering changes in the environment and competitive advantages as criteria and creating a resource allocation and growth model that is best suited to the Group

Business segment	Market environment	Strategic direction
Liquidation business	Business environment looks difficult for now	Reducing the weighting of development business in the real estate for investment.
Condominium unit sales business	Signs of early recovery	Strengthen the business by concentrating resources Focus on the purchase/resale business as the mainstay business for the short and medium terms
Residential housing sales business	Signs of early recovery	Operating intensively in areas where the Group can take advantage of its strengths

## Measure (2): Strategic organizational restructuring

- Execute restructuring to create an organization that can bolster profitability and management efficiency

- Create a system with two representative directors rather than one, to stabilize and strengthen management
- Rebuild the purchasing/development division, which had been reduced to a two-division system, making it a three-division system, as part of measures to strengthen the condominium purchase/resale business
- At Group companies operating the residential housing sales business, consider rebuilding the business structure and amalgamating offices

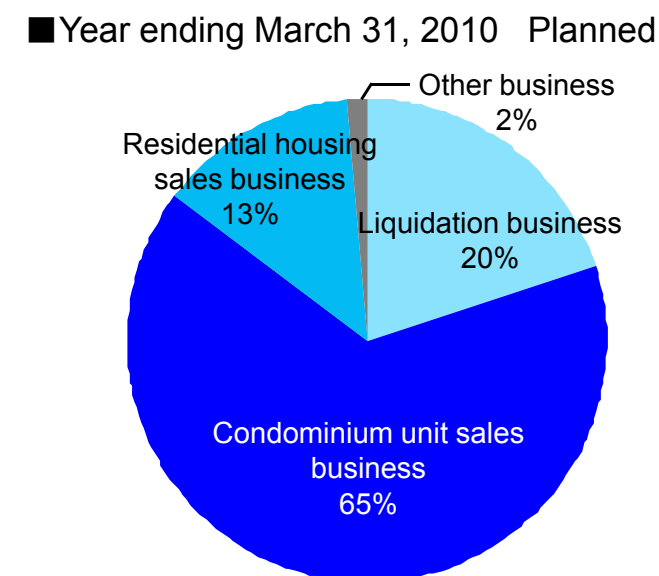
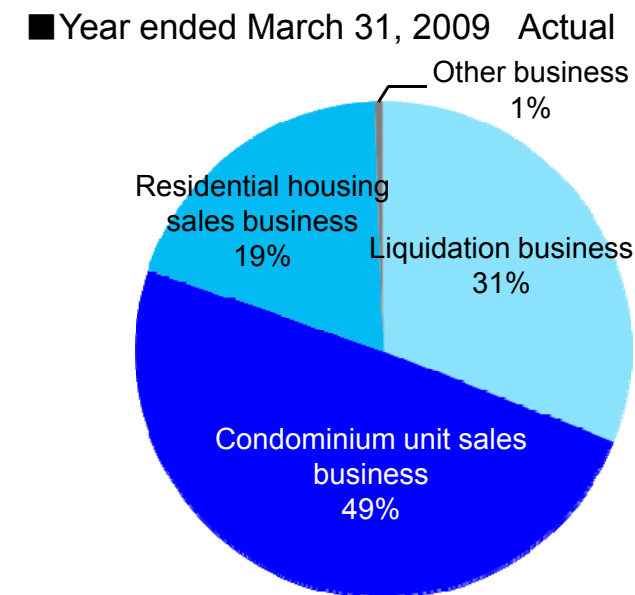
## Measure (3): Reinforcing the financial base

- Work on financial stability and reinforcement using diverse financing methods such as cost cutting, retained earnings, and direct financing

# Consolidated Performance Plan for the Fiscal Year Ending March 31, 2010

	Year ended March 31, 2009	Year ending March 31, 2010	
	Actual	Planned	
Net sales	56,337	41,600	-26.2%
Liquidation business	17,491	8,300	-52.5%
Condominium unit sales business	27,697	27,200	-1.8%
Residential housing sales business	10,853	5,500	-49.3%
Other business	295	600	103.0%
Elimination or corporate	—	—	—
Gross profit	-8,999	7,750	—
Selling, general, and administrative expenses	7,421	5,830	-21.4%
Operating income	-16,420	1,920	—
Liquidation business	-14,159	640	—
Condominium unit sales business	-670	2,440	—
Residential housing sales business	-78	100	—
Other business	-338	-110	—
Elimination or corporate	-1,173	-1,150	—
Ordinary income	-16,177	840	—
Net income	-18,909	800	—

## Sales % of total



### III. Overview of Shin-Nihon Tatemono

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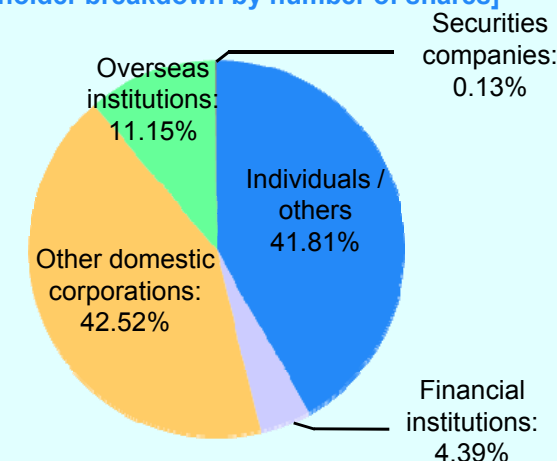


# Corporate Outline

Corporate name	SHIN-NIHON TATEMONO CO., Ltd.	
Established	April 8, 1975	
Listed on	JASDAQ (stock code 8893)	
Capital	6,414,930,000 yen	
Representative	Saburo Murakami, President and Chief Executive Officer	
Businesses	Liquidation, condominium unit sales, residential housing sales, other	
Settlement	March 31	
Employees	48 people [non-consolidated] and 114 people [consolidated]	
Location	Headquarters	Kasumigaseki Common Gate West Tower 20F., 3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo
	Kita-Kanto Branch	Sonic City Building 18F., 1-7-5 Sakuragi-cho Omiya-ku Saitamas-shi, Saitama
	Tachikawa Sales Office	Tachihi Building No.1-8F., 6-1-1 Sakae-cho Tachikawa-shi, Tokyo
Issued shares	33,463,666 shares	
Shareholders	12,055	

Columbus, Co., Ltd	11,043,000 shares	33.00%
Saburo Murakami	2,372,200 shares	7.09%
High Village, Co., Ltd.	1,700,000 shares	5.08%
Prospect Japan Fund Limited	1,458,600 shares	4.36%
State Street Bank and Trust Company 506155	1,363,300 shares	4.07%

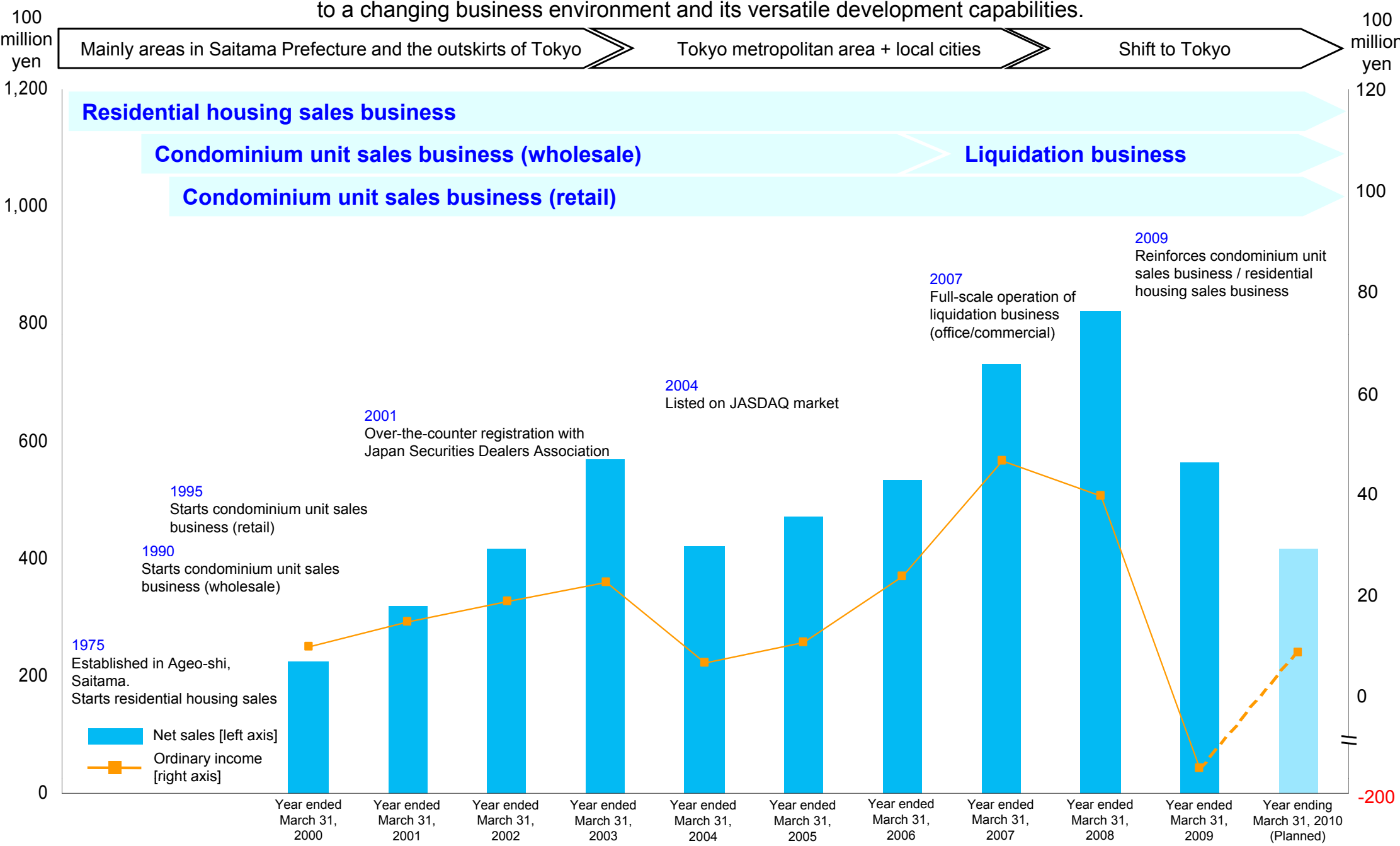
[Shareholder breakdown by number of shares]



\*As of March 31, 2009

# Business History

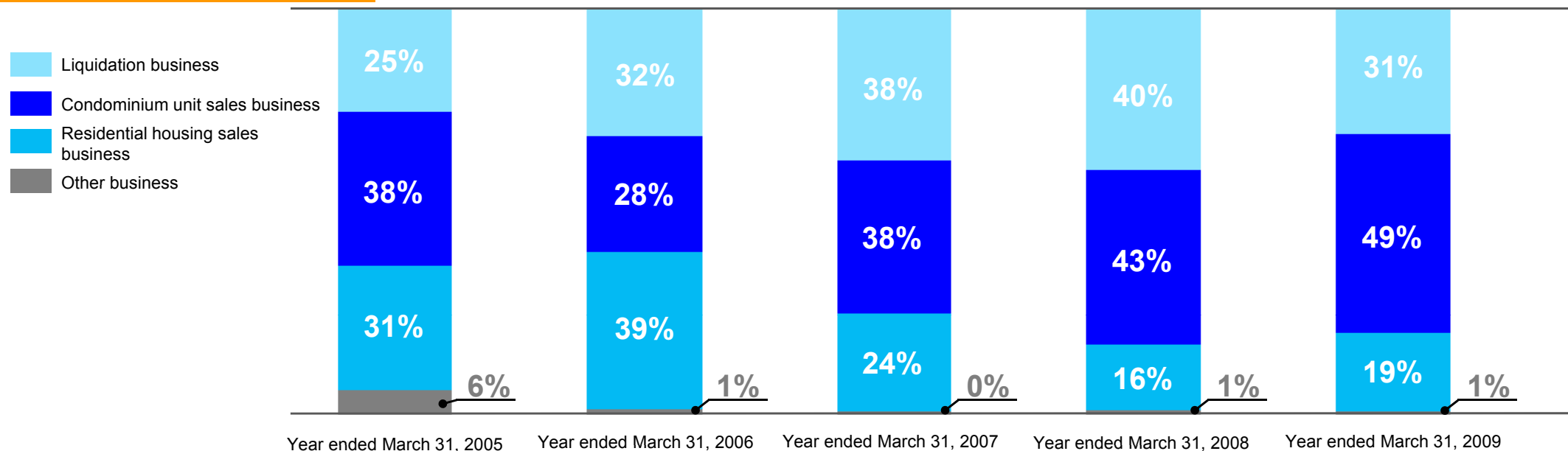
Shin-Nihon Tatemono has sought to increase earnings using its ability to flexibly adapt to a changing business environment and its versatile development capabilities.



# Business Model

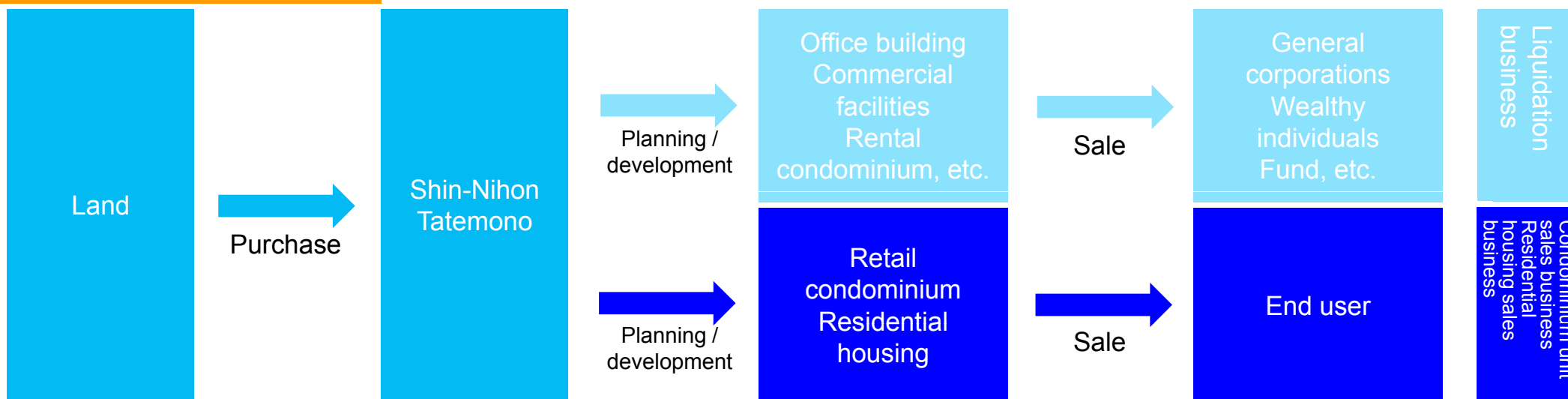
Shin-Nihon Tatemono has tailored its portfolio management to concentrate its resources on promising areas.

## Net sales % of total



\* The year ended March 31, 2005 and the year ended March 31, 2006 are shown based on the current business classification.

## Business flow chart



## IV. Introduction to Projects

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# Completed Projects - Liquidation Business -

## Higashi-Nihombashi I. Project

[Overview]

Location : 2-chome Higashi-Nihombashi, Chuo-ku, Tokyo  
 Access : 5-minute walk from Higashi-nihombashi Station on the Toei Asakusa Line  
 Use : Stores and offices  
 Site area : 305.36m<sup>2</sup> (92.37 tsubo)  
 Total floor area : 2,207.38m<sup>2</sup> (667.85 tsubo)  
 Completed : February 2009



## Ichigaya Project

[Overview]

Location : Kudan-minami 4-chome, Chiyoda-ku, Tokyo  
 Access : 5-minute walk from Ichigaya Station on the JR Sobu Line  
 Use : Stores and offices  
 Site area : 388.25m<sup>2</sup> (117.44 tsubo)  
 Total floor area : 1,943.06m<sup>2</sup> (587.77 tsubo)  
 Completed : November 2008



# Completed Projects - Condominium Unit Sales Business-

## Aquarena Kawasaki \* joint business

[Overview]

Location : Tote 4-chome Saiwai-ku Kawasaki-shi, Kanagawa  
 Access : 14-minute walk from Kawasaki Station on the JR Tokaido Line  
 Total number of units : 395 units  
 Total floor area : 47,602.14m<sup>2</sup> (14,399.64 tsubo)  
 Completed : November 2008 -

### Winner of the "2009 Urban Redevelopment Contributor Award"

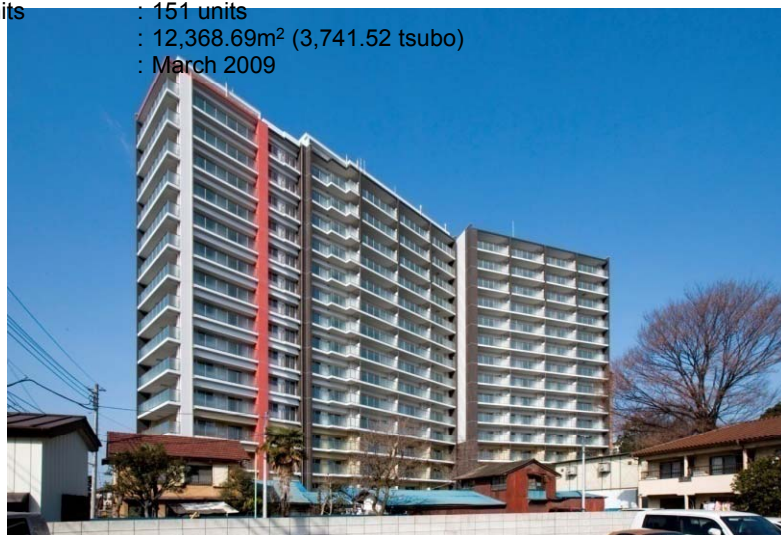
Recognized for its role for resolving the complex land rights and facilitating the development of an urban housing area suitable for an urban area that takes advantage of its location, adjacent to the Tama River, this project was nominated by Kanagawa Prefecture and recognized with the award by the Urban Renewal Association of Japan.



## Renaissance City Kawagoe Center Point

[Overview]

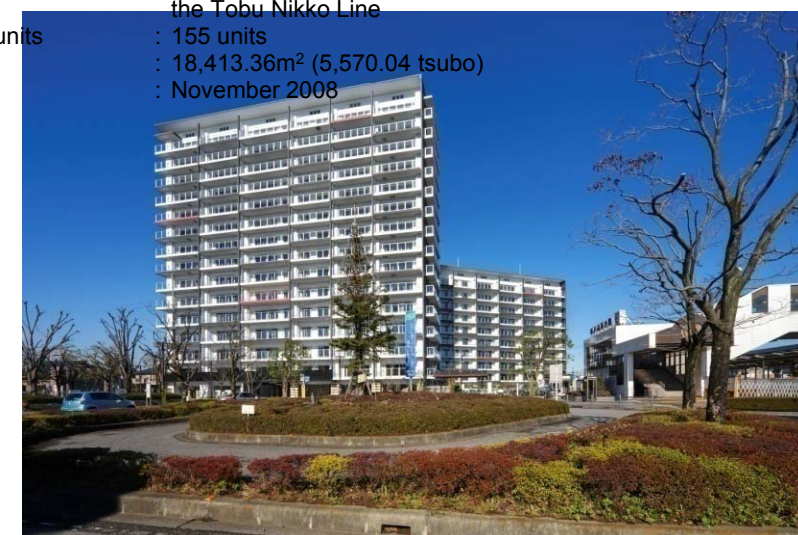
Location : Renjaku-cho Kawagoe-shi, Saitama  
 Access : 8-minute walk from Hon-kawagoe Station on the Seibu Shinjuku Line  
 Total number of units : 151 units  
 Total floor area : 12,368.69m<sup>2</sup> (3,741.52 tsubo)  
 Completed : March 2009



## Renaissance Premium Site

[Overview]

Location : Takanodai-nishi 1-chome Sugito-machi Kitakatsushika-gun, Saitama  
 Access : 1-minute walk from Sugito-Takanodai Station on the Tobu Nikko Line  
 Total number of units : 155 units  
 Total floor area : 18,413.36m<sup>2</sup> (5,570.04 tsubo)  
 Completed : November 2008



# Completed Projects - Residential Housing Sales Business -

## Matrix Court Gakuen 4-chome

[Overview]

Location : Gakuen 4-chome Musashimurayama-shi, Tokyo  
 Access : 15-minute walk from Kamikitadai Station on the Tama Intercity Monorail  
 Total number of houses : 56 houses  
 Completed : June 2008 -



## Matrix Court Tamagawa Gakuen

[Overview]

Location : Kogasaka Machida-shi, Tokyo  
 Access : 20-minute walk from Tamagawagakuen-mae Station on the Odakyu Odawara Line  
 Total number of houses : 8 houses  
 Completed : March 2009



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変わること、変わらないこと。



This material is intended for providing information about the operating performance of our Company during the fiscal year ended March 31, 2009 and is not intended for soliciting investment for the shares issued by the Company.

This material has been prepared with information available as at the time of publication. Any opinion, plan, forecast, or other forward-looking statement that appears in this material is based on the Company's judgment at the time of writing, and should not be construed as a guarantee or promise of accuracy or completeness. Information in this material is subject to change without notice in the future, for instance, due to changes in the business environment.